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Foreign Minister Abe Discusses Major Policy Issues

The new Foreign Minister, Shintaro Abe, who ran third in the Liberal Democratic Party's (LDP) primary, is still expected to be a contender for the top position at some future date. Mr. Abe, 58, belongs to the Fukuda faction and is Mr. Fukuda's likely successor. A former journalist for a national daily newspaper, he entered politics when elected to the House of Representatives in 1959. Since then, he has steadily risen in party ranks, and has served as Minister of Agriculture, Chief Cabinet Secretary, Minister of International Trade and Industry (MITI) and chairman of the LDP Policy and Research Council. His experience as MITI minister is expected to enhance his standing in international trade issues.

In an interview with Nihon Keizai Shimbun, the Foreign Minister emphasized that U.S.-Japan relations are central to Japan's foreign policy. With bilateral trade and defense tensions mounting, he stressed that establishing commmunication between President Reagan and Prime Minister Nakasone is vital. Referring to rising threats of protectionism, he assured the United States that Japan would proceed step-by-step on the market-access question and would hope to make some announcement before Mr. Nakasone's planned visit to the United States in January. On the defense debate, his view is that while Japan should accelerate its defense build-up, the United States has to appreciate the severity of the country's budget problem. Reports suggest that the

Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1980	1981	January-October 1981	January-October 1982	August 1982	September 1982	October 1982
Japan's Balance of Payments							
Trade Balance	$ 2,125	$ 19,967	$ 17,234	$ 15,481*	$ 984*	$ 2,426*	$ 1,991*
Exports (f.o.b.)	126,736	149,522	123,582	115,246*	10,405*	11,650*	11,060*
Imports (f.o.b.)	124,611	129,555	106,348	99,765*	9,421*	9,224*	9,069*
Current Account Balance	-10,746	4,770	4,698	5,943*	-30*	1,463*	1,429*
Long-Term Capital (net)	2,394	-6,449	-6,836	-15,326*	-2,286*	-416*	-291*
Overall Balance	-8,396	-2,144	-2,222	-6,817	-397	823	-73
International Reserves (end of period)	25,232	28,403	28,448	22,840	24,416	24,009	22,840
Japan's Customs Clearance Trade							
Trade Balance	-10,721	8,741	7,501	5,698*	-40	1,554	982*
Exports (f.o.b.)	129,807	152,030	125,900	116,214*	10,421	11,635	11,096*
Cars	16,115	18,445	15,375	15,043*	1,266	1,453*	1,443*
Steel	15,454	16,669	13,559	13,430*	1,218	1,235*	1,143*
Imports (c.i.f.)	140,528	143,290	118,399	110,516*	10,461	10,081	10,115
Crude Oil	52,763	53,343	44,264	38,153*	3,560	3,327*	3,523*
Japan-U.S. Trade							
Trade Balance	6,959	13,312	10,737	10,270*	693	1,290*	1,095*
Exports (f.o.b.)	31,367	38,609	31,529	30,601*	2,704	3,197*	2,895*
Imports (c.i.f.)	24,408	25,297	20,792	20,332*	2,011	1,907*	1,801*
Yen-Dollar Exchange Rate							
Tokyo Spot Market (end of period)	¥203.00	¥219.90	---	---	¥261.70	¥269.50	¥277.30
U.S.-Japan Trade							
Trade Balance	-9,911	-15,789	-13,466	-15,184	-2,082	-1,336	-1,440
Exports (f.a.s.)	20,790	21,823	17,818	17,348	1,732	1,568	1,804
Industrial Supplies	9,501	8,983	7,244	7,571	733	624	806
Food and Feed	5,393	5,896	4,991	4,175	500	434	430
Capital Goods	4,340	4,767	3,846	3,696	314	337	382
Consumer Goods	1,154	1,318	1,111	1,133	114	111	103
Imports (f.a.s.)	30,701	37,612	31,284	32,563	3,814	2,905	3,274
Automotive Products	11,436	12,950	10,983	11,088	1,266	920	1,154
Industrial Supplies	5,926	7,179	5,885	6,046	689	503	438
Consumer Goods	6,198	8,340	6,911	6,734	819	648	781
Capital Goods	6,555	8,589	7,080	8,096	983	783	854

*Preliminary

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1980	1981	January-September 1981	January-September 1982	July 1982	August 1982	September 1982
Discount Rate (end of period)	7.25%	5.5%	6.25%	5.5%	5.5%	5.5%	5.5%
Outstanding Money Supply	8.5%	8.9%	8.4%	10.0%	9.1%	8.9%	9.6%
Industrial Production	7.0%	3.1%	2.2%	2.0%	1.1%	1.5%	0.6%
Manufacturing Operating Rate	0.7%	-4.6%	-5.8%	-2.1%	-3.3%	-2.9%	-3.4%
Number of Bankruptcies	11.6%	-1.5%	-0.6%	-3.2%	-3.4%	-3.5%	-3.2%
Residential Construction Starts	-15.0%	-9.2%	-10.6%	-3.7%*	7.8%	4.9%	6.9%*
Job Openings to Applications (ratio)	0.75	0.68	0.68	0.62	0.58	0.58	0.59
Nominal Wages	6.3%	5.3%	5.1%	5.1%*	4.7%	8.0%	5.0%*
Labor Productivity	9.1%	3.5%	2.6%†	2.5%†	2.3%	n.a.	n.a.
Wholesale Prices	17.8%	1.7%	1.8%	1.9%	1.3%	1.0%	1.4%
Consumer Prices	8.0%	4.9%	5.3%	2.7%	1.7%	3.1%	3.2%
Yen-Based Export Prices	9.3%	1.9%	0.8%	4.2%	1.8%	0.5%	1.2%
Yen-Based Import Prices	43.0%	3.0%	1.7%	7.4%	5.7%	6.0%	8.5%

*Preliminary

†Through July of each year only.

For Japan's most recent GNP figures, see JEI Report No. 36B, September 17, 1982.